stc lines

Annual Report 1983

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Letter of Transmittal

February 20, 1984

To His Honour, F. W. Johnson
The Honourable
Lieutenant Governor of the
Province of Saskatchewan

Sir:

I have the honour to submit the Annual Report of the Saskatchewan Transportation Company for the year ended October 31, 1983, including the Financial Statements, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with the Crown Corporations Act, 1978.

Your obedient servant,

James W. Garner
Minister in Charge
Saskatchewan Transportation Company

Board of Directors

The Honourable J. W. Garner	—	Chairman
The Honourable P. A. Smith	—	Vice Chairman
I. Goldenberg, Q. C.	—	Lawyer, Saskatoon
W. G. Rudichuk	—	Accountant, Regina
I. D. Disbery, B.A., LL.B.	—	Board Secretary

Management

As at October 31, 1983

Mr. D. Castle	—	President
Mr. G. G. Beattie	—	Marketing Director
Mr. T. A. Fischer	—	Finance Director
Mr. G. M. Karst	—	Operations Director
Mr. G. G. Black	—	Equipment Director
Mr. R. MacPherson	—	Prince Albert Depot Manager
Mr. E. M. Scherle	—	Regina District Manager
Mr. B. Warkentin	—	Acting Saskatoon District Manager

Chairman's Message

As Chairman of the Saskatchewan Transportation Company, I would like to commend the Board members for their support and cooperation throughout 1983.

Saskatchewan Transportation Company embarked on a long term recovery program aimed at providing and maintaining quality transportation service to the people of Saskatchewan.

This process was initiated with the discontinuance of two uneconomical components of STC's service, namely the Prairie Shuttle Service and the Tour Program.

Finally, I take this opportunity to thank the employees and commissioned agents of STC for their continued dedication to the Company throughout 1983.

James W. Garner
Chairman

President's Message

During 1983, the 37th year of operation, Saskatchewan Transportation Company continued to provide safe, reliable and efficient passenger, charter and parcel express service to the residents of Saskatchewan.

This was demonstrated by the more than five and a half million miles operated and the safe carriage of more than eight hundred and five thousand passengers.

Similar to the motor coach industry in general, STC did not experience a good year. However, it is felt that through the identification of STC's past shortcomings and the development and implementation of positive service programs, the Company's position will improve in 1984.

STC's strength will continue to be its employees and commissioned agents who have demonstrated in 1983, as in previous years, their willingness and capability of meeting the challenges facing both the industry and STC.

Don Castle
President

Overview

Scheduled Services

Passenger revenue from regular scheduled services increased by $230,825 or 3.7% to $6,461,504 from $6,230,679 with passengers carried decreasing by 12,317 or 1.6% from 781,642 to 769,325. The decline in passenger ridership was partially offset by the fact that passenger miles declined by only .3% from 82,002,151 to 81,730,418.

Parcel express revenue increased by $368,475 or 8.5% to $4,702,719 from $4,334,244.

Charter Services

Charter revenue decreased by $124,354 or 15.0% from $827,391 to $703,037 with charter miles declining by 66,143 or 14.8% from 447,452 to 381,309. Negative influences on this market were prevailing economic conditions, low air and rail fares and private coach availability in the provincial charter market.

Motor Coach Fleet

The Company acquired five 1982 MCI 47 passenger motor coaches and disposed of seven older coaches in addition to the six Prevost Mirage coaches in 1983. At year-end, the 70 coach fleet logged 5,588,086 miles, a decrease of 224,914 miles or 3.9% from the previous year.

Financial

During 1983, the Company's revenues decreased by $120,447 or .8%, from $13,816,431 to $13,695,984, while the expenses increased by $628,763 or 3.9% from $15,898,780 to $16,527,543, resulting in a net loss for the year of $2,831,559.

The major contributing factors to this loss was the general downward trend in ridership throughout the industry while costs continued to escalate although at a rate below inflation.

In Appreciation

Sincere gratitude is extended to the following retiring employees for their years of service to STC:

Tony J. Moser, Administration Director, August 26, 1983

Frank D. Nicholls, Driver, Regina, February 9, 1983

Cliff Swanson, Electrician, Regina, June 30, 1983

Congratulations are extended to the following employees and agents upon their 25th year of service to STC:

Gordon Kreutzwieser, Express Agent, Saskatoon, March 23, 1958

Edward Oleck, Driver, Saskatoon, May 10, 1958

Maurice Turcotte, Driver, Saskatoon, May 16, 1958

Mrs. M. Dorgan, Agent, Meyronne

Mr. I. Brailean, Agent, Yorkton

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of Saskatchewan Transportation Company as at October 31, 1983 and the statements of operations, deficit and changes in the financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at October 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
December 7, 1983.

W. G. Lutz, F.C.A.
Provincial Auditor

Statement of Financial Position

As at October 31

	1983	1982
	(Thousands of Dollars)	
ASSETS		
Current Assets		
Cash	$ 10	$ 9
Accounts receivable	1,037	1,188
Prepaid expenses and supplies	505	625
	1,552	1,822
Land, Buildings and Equipment (Note 3)	11,072	12,102
	$12,624	$13,924
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Bank indebtedness	$ 3,527	$ 1,215
Accounts payable and accrued liabilities	1,439	2,220
	4,966	3,435
Province of Saskatchewan's Equity		
Advances (Note 4)	11,635	11,635
Deficit	(3,977)	(1,146)
	7,658	10,489
	$12,624	$13,924

(See accompanying notes)

Statement of Operations

Year Ended October 31

	1983	1982
	(Thousands of Dollars)	
REVENUES		
Transportation services	$13,587	$13,587
Other revenues	231	254
Loss on sale of land, buildings and equipment	(122)	(24)
	13,696	13,817
EXPENSES		
Operating	13,063	12,541
Administration	2,389	2,433
Depreciation and amortization	875	881
Interest	200	44
	16,527	15,899
NET LOSS	$ (2,831)	$ (2,082)

(See accompanying notes)

Statement of Deficit

Year Ended October 31

	1983	1982
	(Thousands of Dollars)	
Retained earnings (deficit) — beginning of year	$ (1,146)	$ 936
Add: Net loss	(2,831)	(2,082)
DEFICIT — end of year	$ (3,977)	$ (1,146)

(See accompanying notes)

Statement of Changes in Financial Position

Year Ended October 31

	1983	1982
	(Thousands of Dollars)	
SOURCE OF FUNDS		
Proceeds from sale of land, buildings and equipment	$ 1,077	$ 95
Advances	—	4,280
	1,077	4,375
APPLICATION OF FUNDS		
Operations		
Net loss	2,831	2,082
Items not affecting working capital:		
Depreciation and amortization	(875)	(881)
Loss on sale of land, buildings and equipment	(122)	(24)
	1,834	1,177
Purchase of land, buildings and equipment	1,044	3,995
	2,878	5,172
Decrease in working capital	(1,801)	(797)
Working capital, beginning of year	(1,613)	(816)
Working capital, end of year	$ (3,414)	$ (1,613)
Represented by:		
Current assets	$ 1,552	$ 1,822
Current liabilities	4,966	3,435
Working capital	$ (3,414)	$ (1,613)

(See accompanying notes)

Notes to Financial Statements

October 31, 1983

Note 1 **Significant Accounting Policies**

a) Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Expenditures on normal repairs and maintenance and gains or losses on sales are reflected in earnings as they are incurred.

b) Depreciation of Buildings and Equipment

Depreciation of buildings and equipment is charged to expenses on the straight line basis to reflect estimated service life as follows:

Buildings	2.5% to 10.0%
Coach & Truck Equipment	11.1%
Other Equipment	10.0%

Note 2 **Status of Saskatchewan Transportation Company**

Saskatchewan Transportation Company was established by Order-in-Council #168 in 1946 and continues under The Crown Corporations Act, 1978.

The accounts of the Company are consolidated in the annual financial statements of the Crown Investments Corporation of Saskatchewan.

Note 3 **Land, Buildings and Equipment**

	1983			1982
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(Thousands of Dollars)			
Land	$ 1,827	$ —	$ 1,827	$ 1,827
Buildings	6,763	1,199	5,564	1,520
Work in progress	—	—	—	4,333
Coach and Truck Equipment	7,157	4,015	3,142	4,156
Other Equipment	721	182	539	266
	$16,468	$5,396	$11,072	$12,102

Note 4 **Advances**

Advances from the Crown Investments Corporation of Saskatchewan are non-interest bearing and repayable at their discretion. During the year, the Company received advances of $Nil (1982 - $4,280,000).

Note 5 **Remuneration of Directors and Senior Officers**

As at the year ended October 31, 1983 four persons (1982 - 4) served on the Company's Board of Directors and four (1982 - 4) served as senior officers. The aggregate 1983 remuneration to directors amounted to $3,327 (1982 - $4,200) and the aggregate 1983 remuneration to senior officers was $205,873 (1982 -$234,161).

Note 6 **Related Party Transactions**

Included in these financial statements are income and expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.